

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 3292 - HB 3866**

March 2, 2010

**SUMMARY OF BILL:** Authorizes all Type C and Type D buses to operate 12 and 15 years respectively. Upon reaching the 12<sup>th</sup> and 15<sup>th</sup> year, buses can remain in operation if the bus has less than 250,000 miles on it and passes two annual inspections per school year. Buses may be reapproved on a year to year basis by the Department of Safety. Authorizes the Department of Safety to charge a fee to off-set the cost of additional inspections and additional personnel. Removes current provisions limiting bus terms of service and mileage restrictions.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$435,600/One-Time  
\$321,600/Recurring**

**Increase State Revenue – \$435,600/One-Time  
\$321,600/Recurring**

**Increase Local Expenditures - \$435,600/One-Time/Permissive  
\$321,600/Recurring/Permissive**

**Decrease Local Expenditures – Net Impact – Exceeds \$1,000,000  
Permissive Over Time**

**Other Fiscal Impact – If transportation costs decrease as a result of local education agencies (LEAs) choosing not to purchase new or used buses, the BEP formula will generate less funding over time, thus decreasing state BEP and local BEP match expenditures. The impact of any decrease in BEP funding will occur three years after its implementation since the BEP transportation component is funded on a three year average.**

**Assumptions:**

- According to data from the Department of Education (DOE), buses run an average of 73 miles per day. There are 180 instructional days per school year. One bus will run approximately 13,140 miles per year.
- Currently buses are limited to 200,000 miles of service. With this limit, the average service life of a bus is 15 years.

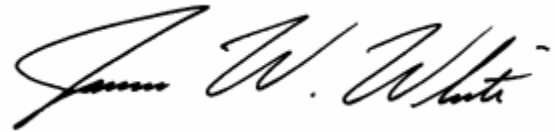
**SB 3292 - HB 3866**

- With the new mileage limit of 250,000 miles for all bus types, the service of life of buses will be extended to an average of 19 years (250,000/13,140) as long it as passes safety inspections.
- The Department of Safety will perform all inspections.
- The number of buses that will be kept in service independent of any legislative allowance for longer service tenures is unknown. Each LEA operates differently with respect to purchasing new buses.
- Approximately 11 LEAs contract for their entire bus service. Ninety-five LEAs own their entire bus fleet and 16 LEAs have a combination of contracted and LEA-owned buses. Those LEAs that privately contract for service will not experience any direct savings in expenditures as a result of this bill.
- DOS estimates that in FY10-11, there will be an additional 572 buses will be eligible for yearly waivers. It is assumed that some buses will have maintenance or other issues that will prevent consideration for annual waivers. It is estimated that 75 percent of all eligible buses will be placed back into service and inspected twice each year. This figure for FY10-11 is 429. The total number of additional inspections in FY10-11 is 858 (429 x 2).
- With 75 percent of all buses being inspected, it is estimated that DOS will require six additional state troopers to perform additional inspections. Recurring costs in FY10-11 include salary and benefits (\$47,200) and operational supplies (\$25,400) for a total recurring cost of \$72,600 per trooper. One-time expenditures in FY10-11 for equipment and testing total \$53,600 per trooper. The total increase in FY10-11 recurring state expenditures will be \$435,600 (\$72,600 x 6) and \$321,600 (\$53,600 x 6) in one-time state expenditures. Total increase is \$757,200 (\$435,600 + \$321,600).
- In FY11-12, DOS estimates that approximately 432 additional buses will be eligible for yearly waivers. 75 percent (324) will be placed back into service. A total of 753 buses in FY11-12 (324 + 429) will need approximately 1,506 inspections (753 x 2).
- DOS will charge an inspection fee for buses seeking annual waivers over the 12<sup>th</sup> and 15<sup>th</sup> year of service. This fee will cover the additional personnel costs. In FY10-11, this fee is estimated to be \$882.52 per inspection (\$757,200 total FY10-11 cost / 858 inspections).
- In FY11-12 the inspection fee is estimated to be \$289.24 (\$435,600 recurring costs / 1,506 inspections).
- LEAs are not required to seek waivers for buses. Any increase in local expenditures to pay for inspection fees is permissive. LEAs will pay this inspection fee, either directly or through the fee being passed down to them by their contractors. Total increase in local expenditures in FY10-11 is estimated to be \$757,200 if all buses are kept in service. The total increase in local expenditures in FY11-12 is estimated to be \$435,600 if all buses are kept in service.
- The average cost of a new Type C bus is \$60,000. The average cost of a Type D bus is \$75,000. The average maintenance cost for buses of either type is unknown, however, it is estimated that the maintenance cost of an existing bus is lower then the purchase price of a new bus.
- Ten new type C buses will cost approximately \$600,000. Ten new Type D buses will cost approximately \$750,000. Total cost for 20 new buses will be approximately \$1,350,000 (\$600,000 + \$750,000).

- In future fiscal years, LEAs may experience a decrease in expenditures if the inspection fee and maintenance is less than the amount of money that they would have paid for new buses or refurbished buses. This decrease is unable to be reasonably quantified, however, it is estimated that LEAs may experience a permissive net decrease in expenditures exceeding \$1,000,000 ( $\$1,350,000 - \$580,800 = \$769,200$ ) over time.

**CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/msg